97-84008-18

Thompson, Arthur Webster

Railways and the shippers

[Baltimore?]

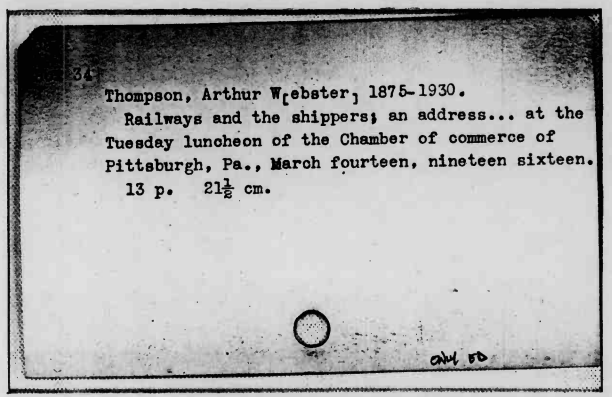
1916

97-84008-18
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD


Thompson, Arthur Webster, 1875-1930.
Railways and the shippers; an address... at the
Tuesday luncheon of the Chamber of commerce of
Pittsburgh, Pa., March fourteen, nineteen sixteen.
13 p. 21½ cm.

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35 MM REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 1/17/97 INITIALS: AR

TRACKING # : MSH 20712

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: Thompson, Arthur Webster

Railways and the shippers

Bibliographic Irregularities in the Original Document:

List all volumes and pages affected; include name of institution if filming borrowed text.

_____ Page(s) missing/not available: _____

_____ Volume(s) missing/not available: _____

_____ Illegible and/or damaged page(s): _____

_____

_____ Page(s) or volume(s) misnumbered: _____

_____ Bound out of sequence: _____

_____ Page(s) or volume(s) filmed from copy borrowed from: _____

_____

X Other: pagination begins with page 3

_____

_____

_____ Inserted material: _____

TRACKING#: MSH20712

308
Z
Box 34

RAILWAYS AND THE SHIPPERS

AN ADDRESS

BY

ARTHUR W. THOMPSON

THIRD VICE-PRESIDENT AND CHIEF OPERATING OFFICER

THE BALTIMORE AND OHIO RAILROAD COMPANY

AT THE

TUESDAY LUNCHEON

OF THE

CHAMBER OF COMMERCE OF PITTSBURGH, PA.

MARCH FOURTEEN, NINETEEN SIXTEEN

RAILWAYS AND THE SHIPPERS

AN ADDRESS

BY

ARTHUR W. THOMPSON

THIRD VICE-PRESIDENT AND CHIEF OPERATING OFFICER

THE BALTIMORE AND OHIO RAILROAD COMPANY

AT THE

TUESDAY LUNCHEON

OF THE

CHAMBER OF COMMERCE OF PITTSBURGH, PA.

MARCH FOURTEEN, NINETEEN SIXTEEN

RAILWAYS AND THE SHIPPERS

BY ARTHUR W. THOMPSON

Greetings:

I appreciate very much the honor and opportunity of lunching with and speaking to the members of the Pittsburgh Chamber of Commerce. It has been stated that your body stands among the best in this country in advanced and progressive ideas and in producing results, and my own experience bears out this statement.

I have assumed, of course, that you would anticipate hearing something about the railways, or you would not have extended your invitation to a railway officer.

So much has been said about the railroads in the past few years, they have been denounced so harshly on the one hand, and commended so highly on the other, that it is not at all amazing that people are confused about the railway situation. In fact the subject is of such magnitude and the problems are so numerous and intricate, that even for a railroad official it is difficult to choose just what to discuss.

However, some of the impressions I have of the situation may be of interest to you, and may assist you in forming, if you have not already done so, some positive or specific opinion about certain matters pertaining to the railroad problems of the day. I do not, however, wish to assume the attitude of knowing all about the railroads, or of one who has an antidote for the evils as they seem to exist, nor have I an explanation to offer that will satisfy all parties interested. But I do believe that by discussing these matters freely in meetings, and in detail, particularly between the railway officers and the shippers, a more comprehensive idea of their importance will prevail, and mutually beneficial results be obtained.

RAILWAYS AND SHIPPERS

Of all the problems and difficult situations before the railways and the shippers today, undoubtedly the most serious is the so-called "car shortage." This is a vital question for the railways

and their patrons. We must find a remedy for it and it should, therefore, receive our most careful thought and attention at this time.

Some of the causes for this car shortage date back several years, and it is very apparent that this particular feature of operation would now be more satisfactory had it been possible in the past to have had better understandings between the railways and shippers at the time when a car shortage seemed imminent. Such shortages were often predicted by many of the chief executives of the railways and a remedy suggested.

In the past four or five years expenditures for additional railroad facilities and equipment have not been sufficient to meet the requirements of today. At the time when locomotives and cars could have been purchased at a minimum cost, financing could not be accomplished except at exhorbitant rates. The railway earnings were comparatively low and the railways could not justify heavy expenditures for facilities, including equipment, even had the money been available at fair rates, the prospects at that time not being good enough to insure the earning of the additional interest charges necessary on such equipment expenditures.

A good many wooden and some steel cars have been destroyed in accidents, and many others have been dismantled because they were obsolete and could not be handled in trains on the main lines. And it is quite apparent that new cars have not been added as fast as the old ones have been put out of commission.

We feel, however, that the Baltimore and Ohio accomplished a great deal during the period of financial depression in preparing to meet the increased business which seemed inevitable. To this I will refer later in more detail.

Some of the vital things, however, which should receive the attention of shippers and railway officers at this time are—

(1) Better and more prompt handling of cars by both railways and shippers.

(2) Reduction in the free time under which cars may stand under load.

(3) Some recognized arrangement to prevent the consignment of cars to congested territories.

(4) A progressive demurrage fairly and effectively arranged to help the situation.

I attended several meetings before the Interstate Commerce Commission in Washington last week, at which many interesting points regarding the car shortage problem were brought out.

For instance, it was shown that the congestion of cars in New England and at tidewater points, particularly New York, indicated the absolute necessity for the shippers and railroads getting together for the purpose of working out a system of embargoes, of determining on some method to reduce the number of cars standing under load at both the industrial plants and the railroad tidewater piers and coal docks, and also some method of providing for the storage of export freight.

The situation appealed to me to such an extent that I propose to bring the matter to the attention of the Executive Committee of the American Railway Association, of which I am a member.

Let me give you a concrete example of the contributing causes of car shortages. There has been standing about New York on the railroad tracks since last November (and will have to stand until sometime in the spring, when shipping opens up in the harbor of Christiania) thousands of cars, because the docks and warehouses are full, and there will be no boats available until that time, if they are available then. Thousands of tons of steel products shipped in open cars have been unloaded on the ground. This material will later have to be reloaded and placed in boats or lighters so that it can be handled to the steamships.

An example of the delay to coal cars which illustrates the situation in regard to this class of equipment is the case of a small manufacturer in eastern New Jersey. Anticipating a strike of coal miners he began to order coal much beyond the capacity of his facilities to take care of it. His coal trestle has a capacity of two cars, and at the time of the inspection the trestle was full of coal, and it was necessary to shovel the coal from the hopper bottom cars and throw it to one side, thus necessitating slow unloading. In an adjoining yard were 46 cars of coal for this plant, and held back along the line were 38 more. In other words, there was a supply of coal in railroad cars that the plant could not consume in over five months, and at the rate they were unloading the cars it would have taken three months to accomplish it.

In addition to tying up the cars and congesting the facilities of the railroad, such conditions prevent the prompt movement of other cars to points where they can be unloaded, all of which reduces the average miles per car per day, which is the measure, after all, of car efficiency.

Cooperation with some central body representing the shippers, and one representing the railroads will, I believe, be the best method for working out such situations as these, for it is not economical to furnish sufficient cars and track facilities to take care of unusual conditions such as those prior to the anticipated strike of the coal miners, and those brought about by the war.

TRANSPORTATION PROBLEM IN THE UNITED STATES

The transportation problem in this country today is one demanding the best efforts of the most able men at the head of the railways. It is necessary to handle the problems with vigor and intelligence in order to satisfy the requirements of the shippers and the public and to make the railways pay. Proper railway management and ample facilities are absolutely necessary to this country. It is growing, it is developing its resources rapidly and the railroads should keep abreast or a little ahead of the requirements imposed upon them. To do this they should be permitted to earn a fair return on the money invested and maintain their properties to a standard commensurate with the services they are expected to render.

The fact should not be lost sight of that the railroads have only one source of revenue, the public, and whatever they pay out in dividends, taxes, labor and other expenditures, must come from the public.

We have just passed through ten years of strenuous railway regulation, some of which was undoubtedly severe and unjust, but much of which I admit has seemed necessary. In this connection, we now find ourselves subject to the Interstate Commerce Commission and the un-related Commissions of 46 States, all with very wide power over railway rates and operations. In the three years just past there were over 3,000 bills regulating railroads presented to 43 Legislatures, of which 442 became laws.

There has, I believe, been entirely too much indefinite and inconsistent regulation, but it is encouraging to note the change of public opinion toward this matter, as there seems to be a feeling at this time that the railroads should be dealt with fairly. The attitude of the press is exceedingly gratifying. Five or six years ago it had little, if anything, good to say about the railroads, but now there is much favorable comment. Of course, much of the condemnation of the railroads was justified in past years, as they were not operated in such a way as to produce confidence in the minds of the public and their patrons.

LABOR PROBLEM

One of the vital questions before the railways of the country is the labor situation. You are, no doubt, more or less familiar with the press accounts of the movement of the labor organizations in train service for the eight hour day. I wish to disgress for a moment to speak of this. Seemingly, there is decided

unrest in the ranks of labor generally, both skilled and unskilled. The eight hour day movement on railroads is participated in by four of the strongest brotherhoods of railway employes, who are now taking a vote of the men for the purpose of enforcing shorter hours and higher rates of pay.

The patrons of the railroads naturally expect them to pay such wages and institute such working conditions as will permit them to man their trains with dependable and competent men, and also that employes shall have adequate rest to enable them to be wideawake and discerning while on duty. But if the railroads are now paying such wages and providing proper working conditions, in fairness to all concerned it would seem that they should not be required to pay increased wages.

Railway wages are now largely determined by arbitration awards. There is no compulsory arbitration, however, and no regulation by the Government fixing rates of pay for the various classes of skilled and unskilled labor. Since the Interstate Commerce Commission fixes freight rates, it would seem fair and equitable to have that body establish rates of pay for railway workmen. Such a course has been suggested by President Willard, who has given a great amount of thought to this subject. Please note particularly that the men involved in this movement comprise about 18 per cent. of the total number employed by the railroads, and that the wages they now receive are equal to 28.2 per cent. of the wages paid to all employes.

USE OF THE SURPLUS

Most of the improvements which are made on railroads are paid for out of the surplus, or what is left over after expenses, taxes, interest charges and dividends are paid. This money is used generally for the betterment of the property. The surplus as well as the dividends on many railroads in the past few years has been wiped out entirely, while on others it has been very much reduced. With a further reduction in the surplus because of heavily increased wages, there will, of course, be less available money for improvements, many of which seem so necessary at this time.

RAILWAY PREPAREDNESS

When Congress passed the Hepburn Act nearly ten years ago the need for preparedness was evidently in mind. The law not only gave the Interstate Commerce Commission ample power to fix rates, but it imposed two novel and unique duties upon the railroads: (1) To provide and furnish, upon reasonable request,

all transportation; and (2) that "in time of war or threatened war, preference and precedence shall, upon demand of the President of the United States, be given over all other traffic, to the transportation of troops and material of war, and carriers shall adopt every means within their control to facilitate and expedite the military traffic."

In that distinct way, the railroads were made arms of the Federal Government, with an implied duty resting upon the Interstate Commerce Commission to execute and enforce the provisions of the law calling upon the railroads to be ready to perform these functions.

Much time and space is given in the newspapers now to the question of preparedness, and it is a grave question whether the railroads have given, or have been permitted to give, much attention to this subject. With this subject goes industrial preparedness. With the present situation in mind, it is well to remember that, for some cause, the railroads were not prepared to meet the unprecedented demand for the prompt handling of heavy business. We are facing conditions today which indicate the necessity for careful thought and unusual planning to take care of a still heavier business, with the prospect of serious shortage of labor in the near future.

England's troubles during the past eighteen months may be our troubles at some future time, and we would do well to profit by her experience. Realizing what transportation means in the time of war, and knowing the efficiency of the transportation machines of England, France and Germany during the present war in Europe, brings home suddenly what we would have to contend with in case of similar trouble, with the necessity of prompt handling of men, munitions and supplies. It would seem reasonable to expect the railroads to be prepared to handle promptly the military traffic and at the same time take care of the industrial business, at least to a large extent.

PATIENCE NECESSARY

Sometimes we grow impatient because we think insufficient progress is being made by the railroads in more economical and efficient handling of business, and yet it is marvelous when one stops to think that the first railroad in the United States (and the world) for the purpose of handling passengers and merchandise —the Baltimore and Ohio—is only about 89 years old; that today, Judge Oliver Gephart, living in Cumberland, Md., and who is now 98 years of age, was present at the laying of the cornerstone of the Baltimore and Ohio at Mt. Clare, Baltimore, Md., and was

the first agent of that road in Cumberland, Md.; that still another man, the late Mr. Henry G. Davis (who died in Washington last week at the age of 93), was one of the first Baltimore and Ohio conductors. In talking with Mr. Davis less than a month ago he spoke of the early attempts to move cars by steam power.

Only 87 years ago sails were tried on cars on that portion of the Baltimore and Ohio between Baltimore and Relay, at which time there was also a race between a car drawn by a horse and a steam locomotive, in which the horse was the victor. From the era of railroad horse cars to the present era of steel car trains; from the 4 ton to the 225 ton locomotive, is a big step in the progress of railway transportation.

It is a story in itself and it is most interesting to follow the annual reports of the Baltimore and Ohio, or to read many of the historical books which have been written about the development of the railways and the steam locomotive. With the accomplishments just mentioned in mind, one will probably regain the patience lost before carefully looking into the matter.

RAILWAY PROBLEMS AFFECTING PITTSBURGH IN THE FUTURE AND HOW THEY SHALL BE HANDLED

As I view the situation in this great industrial center there are many big problems yet to be worked out to make possible the handling of the constantly growing business, as well as to handle the present business to better advantage. A few years ago various mills in this locality had stock piles of ore, limestone, coal, coke, etc., from which they drew their supply for current needs. As the railroad cars arrived they were unloaded at the stock piles. Now it is expected, and justly so, that there shall be only such stock piles as will meet some unusual emergency, the mills depending upon the regular movement of cars to take care of the current business, which system is, of course, efficient, economical and proper. To meet this situation plenty of good facilities are necessary, and such facilities also as will meet ordinary emergencies.

Railway managers are showing a disposition to meet the situation in a fair way, by going into matters in detail with the shippers as semi-public institutions should, and as I believe the railways entering Pittsburgh are doing. On behalf of the Baltimore and Ohio I can give assurance that its officers will cooperate and meet you half way.

It was thought a few years ago that most, if not all, of the space available for industrial requirements in Pittsburgh was taken and but little growth could be expected; but this is not the

case, as the mills, plants and industries have been rebuilding along modern lines to produce a greater output. Hence the constantly increasing production of the city.

There are some features in connection with the handling of your eastern business that seem pertinent, and to which I desire to call attention. The port of New York is very much congested and practically blocked with an accumulation of freight which will take months to clear up. The port of Baltimore, on the other hand, is not being used to anywhere near its capacity, is not congested and can handle all kinds of freight economically and efficiently. Why should shippers of export freight from Pittsburgh send it to New York at a higher freight rate, particularly at the present time when it is being set off on line of road, with small opportunity of having it handled in the near future. And why are coastwise vessels leaving New York today light of tonnage, some in water ballast, and passing within 165 miles of the port of Baltimore, where loading could be secured if the shippers would send the freight to that point instead of trying to send it into New York.

Many ships for grain loading come direct to the port of Baltimore, and it may interest you to know that there was shipped out of Baltimore the following increasing quantities of grain in the years mentioned:

	Bushels
1910	21,600,000
1911	30,000,000
1912	44,600,000
1913	58,000,000
1914	60,800,000
1915	97,000,000

In 1915 there were 75,000,000 more bushels of grain shipped than in 1910, or an increase of 349 per cent.

If the Chicago and Canadian grain merchants can use the port of Baltimore to such an extent, why should not Pittsburgh use this port to much greater advantage, in order to handle its business expeditiously, save the excess freight to New York, and particularly at such times as now when greater use of railroad equipment could thereby be obtained.

WHAT THE BALTIMORE AND OHIO HAS DONE FOR THE GENERAL SITUATION IN FIVE YEARS

I referred previously to the fact that in 1910, when Mr. Willard returned to the Baltimore and Ohio, he outlined a constructive program, covering a financial budget, increase of facilities, additional equipment and radically improving the equipment on hand as well as improving the property. It seemed particularly necessary to take care of the first two named items, that is, to prepare a financial plan, and to put the lines east of the Ohio River in condition first to take care of the then present business, after which to provide for increased business.

In the latter work some fifty millions of dollars have been spent, the most important improvements being additional tunnels through the mountains at Sand Patch and Kingwood, third and fourth tracks over the mountains, the reduction of grades and elimination of curves. The Magnolia Cut-off is the most notable feature of this work.

Another fifty-eight millions of dollars have been expended for equipment, including:

721 new locomotives	$17,000,000.
32,000 new freight cars	38,000,000.
300 new steel passenger coaches	3,500,000.

In addition, 21,000 obsolete freight cars have been dismantled and written off the books, as well as 210 light locomotives and several hundred passenger cars.

300 miles of main line have been equipped with electric automatic signals at a cost of	$1,200,000.
22 new passenger stations have been constructed, and 22 others entirely remodeled, at a cost of	1,000,000.
18 new freight stations have been constructed at a cost of	1,000,000.

Nearly 700 miles of additional track have been laid, not to mention shop facilities, tools, etc., together with work cars, steam shovels, ditchers, rail loaders and other maintenancc of way equipment.

At the present time 100 new locomotives, 120 new steel passenger cars and 4000 coal cars are being constructed.

Including freight cars now under construction and those which will be turned out between now and next May, we will have 9,000 more coal cars in service than there were a year ago. In 1910, 39.6 per cent. of the freight cars on the Baltimore and Ohio were all steel or steel underframe, while today over 90 per cent. are all steel or steel underframe, and at the end of this fiscal year the percentage will be 95. Only one other road in this country has as large a percentage of steel and steel underframe freight cars as the Baltimore and Ohio, namely the Delaware & Hudson.

So much for the general situation.

WHAT THE BALTIMORE AND OHIO IS DOING FOR PITTSBURGH

You will probably be more interested, however, in what the Baltimore and Ohio is doing for Pittsburgh.

As mentioned previously, it was necessary in the program just carried out, to provide facilities for the main lines in order that they could satisfactorily take care of the business offered. Now that this has been done, our attention is being turned to terminal expenditures, and Pittsburgh is among the first to receive such attention.

My first work after leaving college was in this city, where I was located for a number of years; in fact, my first employment on the Baltimore and Ohio was here in Pittsburgh, and I have always had more than a passing interest in the development of the railroad facilities of this community.

A budget has been made to start the work of improving our facilities in Pittsburgh, the most important being those to take care of freight.

We have just completed along the Monongahela River east of Smithfield street a 100 car capacity team yard, with electric Gantry crane, at a cost of $350,000. The haul from this point to various parts of the city is on easy grades and should be attractive to many of our patrons.

Work will be started next month on an additional outbound freight house, adjacent to the yard just mentioned, which will cost $150,000.

We have under construction on the North Side between 7th and 9th streets a reinforced concrete freight house, with provisions for four additional stories for storage purposes.

In connection with the elimination of grade crossing at Liberty avenue and 33rd street, which is costing over half a million dollars, we have just completed the purchase of property for a team delivery yard and freight house, which, when completed, will cost $200,000.

At 42nd street on the North Side additional freight house and team delivery tracks will be constructed this year.

In Hazelwood a freight house and team tracks will be completed at a cost of $50,000.

In addition, there is being considered the construction of team yards at various points in the city, and we are now adding to our yard facilities and switching tracks to take care of the constantly increasing business.

We have not been unmindful of our passenger terminals, and while we do not expect to spend large amounts of money for passenger facilities, we have just completed at considerable cost

the remodeling of our passenger station at the corner of Smithfield and Water streets, with other improvements in tracks, coach yards, etc., at a cost of over $200,000, which will take care of our passenger business, it is thought, for several years.

Between 7th and 9th streets on the North Side, as soon as our engineers get the approval of the Public Service Commission, there will be constructed a new passenger station on the same elevation as the street bridges at that point, which will cost over $100,000. The city ordinances for this have been approved and accepted.

In this connection, with the grade crossing elimination at 33rd street and Liberty avenue, a passenger station will be constructed on the same grade as Liberty avenue, with umbrella sheds and stairways to the elevated tracks.

A passenger station for both Hazelwood and Glenwood is being considered in connection with the elimination of the Second avenue grade crossing in Hazelwood. This makes a total amount being expended of $1,150,000.

We appreciate what you gentlemen are doing for the city of Pittsburgh, and I am glad to be able to advise you that the Baltimore and Ohio is now in a better position to take care of the business of your city than it has ever been before; and that it proposes to continue its improvements, with the hope of participating to the extent of its full share in the rapidly increasing business originating in this great industrial center. As previously assured, our officers stand willing to cooperate and work with you in this development along the broadest lines, and to help you maintain your reputation as the greatest industrial center in the United States, if not in the world.

I thank you again for the cordial invitation to lunch with you, and assure you of my appreciation of your kind attention.

MSH 20712

END OF
TITLE